

Executive Summary

- Iowa's working-age population could decrease by over 200,000 workers by 2030. An alternate scenario, based on Woods and Poole population projections, depicts relatively flat growth in the working-age population to 2030.
- The state's labor force grew at its fastest pace during the 1970's when the baby boom generation entered the job market for the first time, and large numbers of females began to enter the labor force.
- Iowa's 2006 labor force participation rate of 72.7 percent is among the highest in the nation. The state also has a higher percentage of multiple jobholding, which was 8.9 percent of total employed in 2006.
- Unemployment rates have been decreasing across the state, which has resulted in tighter labor markets.
- In spite of the recession of 2001, nonfarm employment has shown a net gain of 40,300 new jobs over the past seven years.
- Iowa will likely add an average of 2,000 new jobs per month over the next several years unless another economic slowdown occurs.
- Although manufacturing has not recovered its pre-recession employment level, manufacturing output continues to grow much as it has in the past. This is due to the automation of many manufacturing procedures that the average number of workers needed per unit of output has declined significantly in recent years.
- According to the industry employment projections, Iowa is expected to add close to 204,800 jobs between 2004 and 2014, an increase of 14 percent.
- Three broad industries are expected to account for over 60 percent of the state's job growth from 2004 to 2014. These industries are educational and health services; trade, transportation and utilities; and professional and business services.
- Manufacturing will add 13,800 jobs over the 2004 to 2014 period, but the industry is not expected to return to its employment level prior to the recession.
- Only three of Iowa's industries have declined in employment since 2001—information, manufacturing and trade.
- Wages in all sectors have increased by at least 9.9 percent since 2001. Finance and insurance reported the largest gain at 29 percent in the past five years.
- Iowa's labor force is aging. In 2006, workers age 45 and older accounted for 38.2 percent of the labor force compared to 33.3 percent in 2001.
- Immigration rates in the U.S. are at their highest levels since 1940, with one in ten people being foreign born.
- Iowa's long-term occupational projections for 2004-2014 show an overall increase of 12.3 percent for the period.
- The ten fast-growing major occupational groups are Computer and Mathematical, Healthcare Support, Community and Social Services, Personal Care and Service, Business and Financial Operations, Healthcare Practitioners, Food Preparation and Serving, Architecture and Engineering, Building and Grounds Maintenance, and Legal. These groups are expected to generate over 40 percent of all new jobs annually.
- Iowa's largest Metropolitan Statistical Areas are driving many of the state's fast-growing occupations, including the Computer and Mathematics, Healthcare Support, and Personal Care and Service occupational groups.
- Labor market conditions affecting migration of workers from slower growth to faster growth industries can impact the availability of workers with necessary skills in certain industries.
- Iowa's public school enrollments (K-12) have steadily declined over the past ten school years. Projected enrollments extending out to the 2011-2012 school year, show that enrollments will remain at the current level for the next five years.

Conclusions

The term “labor shortage” is often used to describe a variety of situations, some of which are not generally considered to be actual shortages. When labor is in abundant supply, employers become accustomed to being able to select from a wide variety of candidates with higher levels of training or experience. When the labor market tightens, the pool of candidates shrinks, and employers have fewer qualified candidates to choose from. Under these labor market conditions, the issue becomes one of the quality of job candidates, not necessarily the quantity of people available to do the job.

Many discussions about labor shortages are based on the assumption that the rate of growth in the economy is determined by the rate of growth in the labor force. However, historical patterns do not support this theory. Not only do economies grow faster than the labor force, they need to do so to increase the standard of living. When productivity is growing, the economy as a whole can produce more from the same group of workers. Productivity rises when employers invest in equipment and technology that help workers do their jobs, or when workers receive the training that is necessary to improve their job performance. Currently, the U.S. economy is roughly eight times larger than it was in the late 1940's, but the nation's labor force is only twice as large.

Although no one knows whether future labor markets will be tight or slack, employers will face a wide range of challenges because of demographic trends and the demand for higher skills. The aging of the baby boom generation, and that generation's impending retirement, could lead to tight labor markets.

The move toward a knowledge-based economy requires workers to have more advanced skills and higher levels of education than in the past. Employers need not only workers with strong math skills and good technical skills, but they also need employees who have good communication and team building skills. To increase the number of skilled workers, young adults need a variety of education and training opportunities. This is particularly important for youth who do not plan to attend college.

The trend toward the offshoring of jobs is on the rise as advances in technology, lower transportation costs, and innovations in communications systems have greatly facilitated the practice. Businesses will continue to offshore jobs as a way to hold down labor costs. The high cost of health care in the United States, and the fact that it is factored into employer costs, is many times behind a company's decision to offshore certain functions. Although the concept of outsourcing has a negative connotation, it can also produce positive results. As costs fall, businesses can expand and create new jobs.

Finally, there are economists who have studied the labor shortage issue, and hold the view that in an unconstrained market, supply will equal demand at the “true” market price. If demand exceeds supply, salaries will be bid up until the market clears. In theory, most labor shortages should disappear as employers increase wages to attract more workers. The economic exuberance of the late 1990's is frequently cited as an example. As wages rose, older workers came out of retirement and young people dropped out of college to take advantage of the available job opportunities. Higher wages also encouraged greater efficiencies within companies, as they developed innovative strategies to respond to the tight conditions of the labor market.

Statewide Labor Force Projections 2007-2030

Age	2007			2010			2015		
	Population	Labor Force	Participation Rate	Population	Labor Force	Participation Rate	Population	Labor Force	Participation Rate
16-19	168,756	109,016	64.6	164,978	106,576	64.6	157,726	101,891	64.6
20-24	196,876	163,210	82.9	192,168	159,307	82.9	188,171	155,994	82.9
25-34	389,571	343,991	88.3	399,617	352,862	88.3	379,554	335,146	88.3
35-44	393,291	353,175	89.8	374,019	335,869	89.8	386,076	346,696	89.8
45-54	439,314	392,747	89.4	432,910	387,022	89.4	394,354	352,552	89.4
55-64	331,398	238,275	71.9	366,868	263,778	71.9	399,249	287,060	71.9
Total	1,919,206	1,600,414		1,930,560	1,605,414		1,905,130	1,579,339	

Age	2020			2025			2030		
	Population	Labor Force	Participation Rate	Population	Labor Force	Participation Rate	Population	Labor Force	Participation Rate
16-19	155,604	100,520	64.6	154,873	100,048	64.6	151,722	98,012	64.6
20-24	178,436	147,923	82.9	173,846	144,118	82.9	172,127	142,693	82.9
25-34	354,608	313,119	88.3	338,294	298,714	88.3	322,642	284,893	88.3
35-44	401,069	360,160	89.8	376,222	337,847	89.8	350,287	314,558	89.8
45-54	360,378	322,178	89.4	369,866	330,660	89.4	382,026	341,531	89.4
55-64	395,624	284,454	71.9	358,352	257,655	71.9	326,864	235,015	71.9
Total	1,845,719	1,528,354		1,771,453	1,469,042		1,705,668	1,416,702	

Source: Prepared by Workforce Data and Business Development Bureau, Iowa Workforce Development.
 Note: Labor force projections were obtained for each age group by applying labor force participation rates from the 2006 Current Population Survey to population projections for selected age groups for Iowa: 2000-2030, U.S. Bureau of the Census.

Statewide Labor Force Projections 2007-2030

Age	2007			2010			2015		
	Population	Labor Force Participation Rate	Labor Force	Population	Labor Force Participation Rate	Labor Force	Population	Labor Force Participation Rate	Labor Force
16-19	164,240	64.6	106,000	156,170	64.6	101,000	146,050	64.6	94,000
20-24	215,840	82.9	179,000	209,080	82.9	173,000	196,440	82.9	163,000
25-34	397,010	88.3	351,000	419,240	88.3	370,000	414,880	88.3	366,000
35-44	394,890	89.8	355,000	370,670	89.8	333,000	388,350	89.8	349,000
45-54	457,230	89.4	409,000	453,440	89.4	405,000	414,500	89.4	371,000
55-64	342,660	71.9	246,000	383,290	71.9	276,000	425,500	71.9	306,000
Total	1,971,870		1,646,000	1,991,890		1,658,000	1,985,720		1,649,000

Age	2020			2025			2030		
	Population	Labor Force Participation Rate	Labor Force	Population	Labor Force Participation Rate	Labor Force	Population	Labor Force Participation Rate	Labor Force
16-19	155,900	64.6	101,000	164,310	64.6	106,000	174,040	64.6	112,000
20-24	185,400	82.9	154,000	198,620	82.9	165,000	211,850	82.9	176,000
25-34	387,330	88.3	342,000	367,820	88.3	325,000	373,700	88.3	330,000
35-44	430,830	89.8	387,000	428,120	89.8	384,000	405,130	89.8	364,000
45-54	374,350	89.4	335,000	394,780	89.4	353,000	440,980	89.4	394,000
55-64	431,320	71.9	310,000	396,740	71.9	285,000	363,020	71.9	261,000
Total	1,965,130		1,629,000	1,950,390		1,618,000	1,968,720		1,637,000

Source: Prepared by Workforce Data and Business Development Bureau, Iowa Workforce Development. participation rates from the 2006 Current Population Survey were applied to Woods & Poole population projections. Woods & Poole Economics, Inc., is an independent firm that specializes in demographic and economic projections for every state, region, county and Metropolitan and Micropolitan area in the U.S.

**Actual Enrollments for 1997-1998 through 2006-2007
Estimates for 2007-2008 through 2011-2012**

PUBLIC SCHOOL ENROLLMENTS-STATE

Year	K	1	2	3	4	5	6	7	8	9	10	11	12	BEDS K-12	Other	Certified Item 7
1997-1998	36,486	35,982	36,314	35,521	34,950	34,921	36,680	38,136	37,631	40,806	39,679	38,235	36,808	482,149	22,981	505,130
1998-1999	35,772	35,699	35,866	36,500	35,776	35,106	35,429	37,529	38,374	40,741	39,652	38,275	37,166	481,885	20,649	502,534
1999-2000	34,596	35,137	35,666	36,162	36,766	36,147	35,819	36,307	37,966	41,394	39,159	37,829	37,124	480,072	18,535	498,607
2000-2001	33,977	33,946	34,952	35,818	36,448	36,975	36,576	36,704	36,458	40,660	39,929	37,592	36,892	476,927	17,364	494,291
2001-2002	34,249	32,979	33,957	35,204	36,106	36,729	37,548	37,666	37,115	39,818	39,126	38,443	36,469	475,409	14,114	489,523
2002-2003	34,090	33,047	32,767	33,653	34,803	35,861	36,581	37,693	37,281	39,434	37,958	38,027	36,728	467,923	19,098	487,021
2003-2004	35,295	33,296	33,330	33,326	34,290	35,539	36,701	37,919	38,428	40,486	38,451	36,794	36,834	470,689	14,322	485,011
2004-2005	36,713	33,916	33,626	33,588	33,743	34,716	36,141	37,521	38,097	41,196	39,580	36,940	36,434	472,211	11,124	483,335
2005-2006	37,435	34,499	34,341	34,064	34,160	34,270	35,380	37,040	38,145	41,059	40,151	38,501	37,611	476,656	6,449	483,105
2006-2007	37,592	34,981	34,698	34,540	34,245	34,329	34,576	35,971	37,031	40,126	39,556	38,774	38,448	474,867	7,717	482,584

PROJECTED ENROLLMENTS

2007-2008	37,539	34,471	35,259	34,997	34,905	34,610	34,771	35,298	36,230	39,624	38,927	38,293	38,591	473,515	7,576	481,091
2008-2009	37,866	34,811	34,745	35,563	35,367	35,277	35,056	35,497	35,553	38,767	38,440	37,684	38,112	472,738	7,091	479,829
2009-2010	38,507	35,130	35,088	35,045	35,939	35,744	35,731	35,788	35,753	38,043	37,609	37,213	37,506	473,096	6,623	479,719
2010-2011	38,284	35,754	35,410	35,391	35,416	36,322	36,204	36,477	36,046	38,257	36,906	36,408	37,037	473,912	6,161	480,073
2011-2012	37,964	35,537	36,039	35,716	35,765	35,794	36,790	36,960	36,740	38,570	37,114	35,728	36,236	474,953	5,699	480,652

The public school enrollment projections are based upon trends observed in the number of students moving from grade to grade. The trend, calculated as an average cohort survival ratio, was used to estimate enrollments for first through twelfth grade. Kindergarten enrollments were estimated from an average ratio of kindergarten enrollments to the cohort born five years prior. 'Certified Item 7' was taken from the Certified Enrollment form as reported to the Division of Financial and Information Services. 'Other' refers primarily to special education students not associated with a given grade level. This is not a count of the number of special education students in the state. Due to the continuing trend of districts reporting special education students within specific grade levels, fewer special education students are represented in the 'other' category in recent years. Beginning in 2004-2005, districts report all special education students within a given grade level. 'Other' also contains full time equivalent (FTE) of tuitioned out resident public students to a community college and FTE of shared-time students attending nonpublic schools located within a public school district enrolled for instructional services.

Source: Iowa Department of Education, May 2007
2006-2007 Iowa Public School Enrollment Projections for 2007-2008 thru 2011-2012
http://www.iowa.gov/educate/component/option,com_docman/task_cat_view/gid,511/